



**The Honorable Jeffrey W. Runge, M.D. Administrator
National Highway Traffic Safety Administration
Before The
Subcommittee On Commerce, Trade, And Consumer Protection
Committee On Energy And Commerce
U. S. House Of Representatives**

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Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to speak about the National Highway Traffic Safety Administration's (NHTSA) implementation of the Transportation Recall Enhancement, Accountability, and Documentation (TREAD) Act.

The TREAD Act was enacted on November 1, 2000, as a direct consequence of hearings before the Committee on Energy and Commerce on the safety of Firestone tires and related matters. In the course of the hearings, the Committee determined that NHTSA could have detected the problems with the tires sooner if it had obtained reports about the tires' problems in a timelier manner.

The TREAD Act therefore contains provisions requiring vehicle and equipment manufacturers to report periodically to NHTSA on a wide variety of information that could indicate the existence of a potential safety defect and to advise NHTSA of foreign safety recalls and other safety campaigns. The Act increases civil penalties for violations of the vehicle safety law and provides criminal penalties for misleading the Secretary about safety defects that have caused death or injury. It authorizes the Secretary to require a manufacturer to accelerate its program for remedying a defect or noncompliance if there is a risk of serious injury or death, and requires that manufacturers must have a plan for reimbursing owners who incur the cost of a remedy before being notified by the manufacturer. It also prohibits the sale of motor vehicle equipment, including a tire, for installation on a motor vehicle if the equipment is the subject of a defect or noncompliance recall. In a remedy program involving tires, the manufacturer must include a plan that prevents replaced tires from being resold for use on motor vehicles. The Act also directs the Secretary to undertake a comprehensive review of the way in which NHTSA determines whether to open a defect or noncompliance investigation.

In addition, the TREAD Act directs the Secretary to conduct rulemaking actions to revise and update the Federal motor vehicle safety standards for tires, to improve labeling on tires, and to require a system in new motor vehicles that warns the operator when a tire is

significantly underinflated. The Act also directs the Secretary to develop a dynamic rollover test for motor vehicles, to carry out a program of dynamic rollover tests, and to disseminate the results to the public.

An extensive provision on child restraints requires that the Secretary undertake a comprehensive review of the safety of child restraints, upgrade the safety standard for child restraints where appropriate, establish a rating system for child restraints, study the effectiveness of automobile booster seats for children, and establish a plan for saving lives and reducing injuries through the use of booster seats.

As this brief summary makes clear, the TREAD Act challenged us to do a lot of work. It requires us to complete 15 separate rulemaking actions, three reports, two studies, and one strategic plan. Many of the required actions had tight deadlines, some as short as 30 days. Some of these actions had not been on our agenda before the TREAD Act, so we had to accomplish the TREAD actions without compromising our work on other priority actions.

Thanks to the additional resources the TREAD Act gave us, we are well on our way to accomplishing all of the goals of the Act's requirements. First, I will report on the actions we are taking that relate to the defects investigation program, and then on our actions to amend and adopt safety standards and regulations.

Defects Investigation

On our actions to improve safety defect investigations, we have met all the rulemaking deadlines in the TREAD Act and are in the final stages of implementing other provisions that do not contain such deadlines.

Within the defects program, the key TREAD Act provision gives us the authority to issue a final rule that establishes an Early Warning Reporting System. When this rule is final, motor vehicle and motor vehicle equipment manufacturers would be required to report a wide variety of information and to submit relevant documents to us periodically. In the past, our decisions on whether to open defect investigations have primarily been based on complaints we receive from consumers. Our efforts to identify potential defects in a timely manner have been hampered by an inability to obtain relevant information in the possession of the manufacturers. Experience has shown that manufacturers often obtain information suggesting the existence of a safety-related problem months, and sometimes years, before consumer complaints to NHTSA indicate a potential problem.

In January 2001, we issued an advance notice of proposed rulemaking to begin implementing the early warning requirement. We followed this with a notice of proposed rulemaking (NPRM) in December 2001. The comment period for the NPRM closed on February 4, 2002. We are currently reviewing the over 50 comments received on the NPRM. We fully expect to issue our final rule by the June 30, 2002 deadline. We have proposed to require all manufacturers of motor vehicles and motor vehicle equipment to submit information about claims and notices they receive about deaths and injuries that

are allegedly due to defects in their products. Manufacturers of 500 or more vehicles annually and all child restraint and tire manufacturers would also have to submit, with minor exceptions, statistical data about consumer complaints, warranty claims, property damage claims, and field reports. We believe that these submissions will help us identify potential safety defects in a timely manner, without unduly burdening the manufacturers.

The TREAD Act requires manufacturers to notify the Secretary of safety recalls and similar campaigns in foreign countries. In October 2001, we issued a NPRM prescribing the contents of the notifications. The comment period on the NPRM ended in December 2001, and we are currently reviewing the 20 comments received on the NPRM. We have also issued final rules to implement the civil and criminal penalty provisions and NPRMs to implement the other defect-related provisions noted earlier. On all these matters, we expect to issue final rules within the next few months.

As we develop the early warning reporting requirements, we also are working hard to restructure the process we use for defects investigation. The TREAD Act has enabled us to hire additional investigators, doubled the numbers of screeners, and established a single point of contact for outside reporting. All of this information will be entered into the Office of Defects Investigation (ODI) database, where all screeners and investigators will have access to it.

To improve ODI's outdated information storage and management system and to handle the large volume of information that will be submitted under the early warning rule, we have contracted with the Volpe National Transportation Systems Center (Volpe) to design and implement a new state-of-the-art data warehouse. We have worked intensively with Volpe and its subcontractors to ensure that this system will address our needs, and we expect to have it on-line, on schedule and under budget, by the end of this year. When the new system becomes operational, we believe it will enable us to manage and effectively utilize the early warning reporting data.

Throughout the past year, we have been in communication with the Department's Office of the Inspector General (OIG), which was asked by Senator McCain to analyze ODI's investigative processes and evaluate their effectiveness in identifying vehicle safety problems. As Secretary Mineta advised the Committee on January 31, 2002, we looked to the OIG to provide the comprehensive review of ODI's work that Section 15(a) of the TREAD Act directed us to conduct. After the OIG released its report on January 3, 2002, we completed our reporting requirement under Section 15 with a supplementary letter to the chairman and ranking member of the relevant House and Senate committees.

The Inspector General is here this morning to share his findings with you. But I want to state that we have concurred in all of the recommendations in his report and, in fact, have already implemented many of them, including the creation of a panel to review the issues our screeners have evaluated as possible safety defects. We have also hired a contractor, in response to the OIG's recommendation for an independent review of the project to develop the new data management system.

Mr. Chairman, I believe we are implementing the TREAD Act requirements in a way that will significantly improve our ability to detect safety defects on a timely basis.

Tire-related Regulatory Actions

The TREAD Act directs us to conduct several actions to improve the safety of tires, including rulemaking to improve the endurance and resistance standards for tires, to improve the information labels on tires, and to require a warning system to indicate to drivers when a tire is significantly underinflated.

We completed the testing and preparatory work and submitted an NPRM proposing several tire performance improvements to the Office of Management and Budget (OMB) on December 17, 2001. We received clearance from OMB on February 22, and we are now preparing the NPRM for issuance. Completing this rulemaking as quickly as possible is one of my highest priorities.

NHTSA issued an NPRM on tire information labeling in December 2001. The comment period closed on February 19, 2002. We are reviewing the comments on the NPRM and expect to meet the June 1, 2002 deadline for this rulemaking. The improved information resulting from this rule should make it easier for consumers to find and understand safety information about their tires.

The NPRM to require a warning system to indicate to vehicle operators when a tire is significantly underinflated was published on July 26, 2001. The NPRM drew extensive comments. We have sought to resolve the issues raised by the comments and devise a system that will meet the intent of the TREAD Act in a manner that best serves safety. In the belief that we had devised such a system, we sent a final rule to OMB on December 18, 2001. On February 12, 2002, OMB returned the rule to us for reconsideration based on concerns it had identified. When we received OMB's return letter, we immediately began examining the issues it raised. Completing this rulemaking as quickly as possible is one of my highest priorities.

Other Regulatory Actions

The TREAD Act also requires us to address two other aspects of motor vehicle safety. Section 12 of the Act requires us to develop a dynamic test of vehicle rollover by November 1, 2002, and to conduct rulemaking to determine how best to disseminate test results to the public. Section 14 of the Act contains several directives relating to the improvement of child restraint systems.

NHTSA issued a request for comments on dynamic rollover testing on July 3, 2001. In our notice, we described a number of driving maneuver tests from which we expect to select a test to use to compare the rollover resistance of motor vehicles. The notice discussed the strengths and weaknesses of the various tests, and explained our rationale for preferring a driving maneuver test to other types of dynamic tests, such as centrifuge tests. We are now completing our review of the issues raised by the comments and expect

to issue a second notice this spring describing our tentative choice of a test procedure. After we consider the comments on this second notice, we plan to issue a final notice in the fall of 2002 describing the final test procedure along with an initial set of rollover resistance ratings.

Less than two weeks ago, NHTSA received the National Academy of Sciences' (NAS) report on dynamic testing for rollover resistance, as required by the DOT Appropriations Act for 2001 (P.L. 106-346). The report suggests that the agency consider supplementing the static stability factor test for rollover consumer information with the results of dynamic rollover tests. The National Academy concluded that this broader look at rollover performance would give a more robust consumer-rating program. The report had other findings not related to dynamic rollover testing. We are currently reviewing all of the report's findings and we will provide our formal response.

Section 14 requires us to address several issues relating to child restraints, including improved restraint performance, better labeling, and a rating system to enable purchasers to compare restraints. Each of these issues was to be addressed in rulemaking actions that were to begin by November 1, 2001, and conclude by November 1, 2002.

We issued an NPRM on October 29, 2001, proposing better and simpler labeling for child restraints. The changes include requirements for molding some information into the restraint's shell to improve durability, for better placement of some labels, for a uniform font for all labels, for white labels with black text, and for color-coded installation information to distinguish forward-facing from rear-facing information. We anticipate issuing a final rule to improve labels before the November 1, 2002 deadline.

To develop a rating system for child restraints, we examined the existing rating systems that other countries and organizations have developed and conducted our own performance testing. In our request for comments issued on October 29, 2001, we stated that we had tentatively concluded that the best rating system is one that combines information about a restraint's ease of use with information about its dynamic performance obtained through higher-speed sled testing or in-vehicle testing through our existing New Car Assessment Program (NCAP). We are also considering using both higher-speed sled tests and NCAP tests. We are reviewing the comments we received and expect to implement the rating system by the November 1, 2002 deadline.

To upgrade the performance requirements of the Federal motor vehicle safety standard on child restraints, we had to examine a standard whose requirements have gone through continual review and significant change in the last several years. In an effort to make it easier to secure child restraints properly in motor vehicles, we recently upgraded the standard to require uniform attachment features and required light-duty motor vehicles to be equipped with anchorages that will accommodate these features. We will propose to require some of the performance elements listed in Section 14 in an NPRM. However, on several of the elements, for which there are uncertainties about the appropriateness of rulemaking, at least at this time, we will issue an advance notice of proposed rulemaking requesting comments. Section 14 requires us to submit a report to Congress if we decide

not to incorporate any of the listed elements in a final rule. Before we can decide what should be included in a final rule, we must first obtain and carefully consider comments from the public.

Mr. Chairman, this concludes my overview of our actions to implement the TREAD Act. The Act has challenged us, but I believe that we are meeting the challenge and that our actions will improve safety on the nation's highways. I will be glad to answer any questions you may have.